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UNITED STATES GRAND JURY  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

RE: INVESTIGATION OF ENRON

BE IT REMEMBERED that on the 1st day of July,  
2004, beginning at 11:56 a.m., in the Federal Building,  
515 Rusk Avenue, Houston, Texas, the United States Grand  
Jury convened, at which time the following proceedings  
were had and testimony adduced as hereinafter set forth.

TESTIMONY OF SALLY K. BALLARD

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I, IDA H. SALINAS, CSR, a Certified Court  
Reporter and Notary Public in and for the State of Texas,  
previously appeared before the Foreman of the Grand Jury,  
at which time I was sworn in as the reporter for the  
United States Grand Jury.

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A P P E A R A N C E S

Special Assistant United States Attorney JOHN  
HUESTON appearing for the United States of America.

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1 (Witness sworn.)

2 SALLY K. BALLARD, SWORN

3 EXAMINATION

4 BY MR. HUESTON:

5 Q Good morning, Ms. Ballard. It's still morning.

6 A Barely.

7 Q Could you state your name and spell it please for  
8 the record?

9 A Yes. Sally Ballard, B-a-l-l-a-r-d.

10 Q All right, Ms. Ballard. You've appeared before  
11 the Grand Jury before.

12 A Yes.

13 Q And I will once again remind you of your rights  
14 and obligations as a Grand Jury witness. All right?

15 A Okay.

16 Q You understand that you are testifying here today  
17 under oath and that a record is being made by a court  
18 reporter. Correct?

19 A Yes.

20 Q And do you understand that you have an overriding  
21 obligation to tell the truth and that if you lie about  
22 anything material to the Grand Jury's investigation, you  
23 could be prosecuted for the crimes of perjury and  
24 obstruction of justice?

25 A Yes.

1           Q     You also have a right, as anyone that is before  
2     the Grand Jury, to be represented by an attorney in  
3     connection with your appearance. Do you understand that?

4           A     Yes, I do.

5           Q     And are you represented today?

6           A     Yes, I am.

7           Q     Can you state your attorney's name?

8           A     George Murphy.

9           Q     All right. And I notice -- I know you've done  
10    this before -- and I'm a bit of a slow speaker -- but for  
11    the clarity of the record, if you could wait till I finish  
12    my question --

13          A     You bet.

14          Q     -- before you give the answer --

15          A     Okay.

16          Q     -- I'd appreciate it.

17          A     Okay.

18          Q     All right. Is Mr. Murphy in the courthouse here  
19    with you today?

20          A     Yes.

21          Q     Do you understand that you can't have your lawyer  
22    in the room here with you; but if you wish to excuse  
23    yourself on a reasonable basis, we'll take a break so you  
24    can consult with your attorney? Do you understand that?

25          A     Yes, I do.

1           Q     All right.  You also understand that you have the  
2     right to refuse to answer any question based on the  
3     grounds of your Fifth Amendment privilege if you believe  
4     in good faith that a truthful answer might tend to  
5     incriminate you?

6           A     Okay.

7           Q     Do you understand that?

8           A     Yes.

9           Q     And that's a right and that was explained to you  
10    in your last appearance.  Correct?

11          A     I'm not certain.  I don't recall.  But...

12          Q     Do you understand that today?

13          A     Yes, I do.

14          Q     Do you need any time to consult with your  
15    attorney about that?

16          A     Not at all.

17          Q     All right.  And once again, if you have any  
18    questions at all, feel free to take a break and talk to  
19    your attorney.

20                   Ms. Ballard, can you please describe how  
21    you're currently employed?

22          A     How I'm currently employed?

23          Q     Are you currently employed?

24          A     Yes.  You mean by whom?

25          Q     Yes.

1           A     I am employed by LayLind Limited.

2           Q     And what's your position with LayLind Limited?

3           A     My title or what I do?

4           Q     Well, let's start with your title.

5           A     I do a little bit of everything. I suppose my  
6 title would be -- I think it's financial coordinator.

7           Q     Same title --

8           A     Executive assistant.

9                     Yes.

10          Q     All right. And you had the title financial  
11 coordinator, I believe, while you were employed by Mr. Lay  
12 while he was still with Enron. Right?

13          A     Correct.

14          Q     Okay. And you've testified before in the Grand  
15 Jury, but are your duties and responsibilities with  
16 LayLind essentially the same as they were in the last year  
17 or two of your time while Mr. Lay was still employed with  
18 Enron?

19          A     I would say so.

20          Q     Can you just very briefly describe your  
21 educational background for the Grand Jury?

22          A     I have a year of college.

23          Q     All right. And you finished college in 1969,  
24 1970 or so for the year?

25          A     About that time. I --



1 Q All right.

2 A That sounds fair.

3 Q And then after that, what kind of positions did  
4 you hold? I don't need to give a -- you don't have to  
5 give me a full employment history, but over the course of  
6 the next 10, 15 years, what sorts of positions did you  
7 have?

8 A Okay. While my children were still at home, I  
9 worked in public schools as school secretary/teacher aide  
10 so that I could have maximum time with my children. When  
11 they got into high school or nearly graduating, then I  
12 went into -- went out to work at a real business so I  
13 could make more money and do -- secretarial work.

14 Q Okay. So, mostly secretarial work?

15 A Secretarial work. And then later I got into a  
16 bit of payroll work and accounting.

17 Q Okay. When did you get into accounting work,  
18 when you say "accounting"?

19 A It was light accounting, basically payroll and  
20 light accounting -- I started probably -- I started with  
21 Enron in 1985. So, probably about 1982.

22 Q All right. So, in 1985 you began working for  
23 Enron. Right?

24 A Correct.

25 Q And what was your position there when you began

